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E.O. 12958: N/A

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SUBJECT: TRANSBORDER USE OF VERY LIGHT JETS

11. Summary: For frequent business travelers, Very Light Jets (VLJs) offer important advantages, including less time spent on the ground before flights, direct flights that avoid multiple legs that often occur under the hub-and-spoke model, and the ability to land on shorter runways than other jets while flying faster than propeller planes of equal capacity. These developments stand to have important consequences on air travel, making aircraft available to a wider (but still well-to-do) population, increasing the number of planes in the air at any one time, and promoting the use of secondary and small airports. The VLJs' impact on transborder travel may be even more pronounced as inbound planes from Canada could increase traffic to the international airports near the border, thus putting additional strain on CBP personnel who must travel to the smaller airports to conduct inspections. End Summary.

12. (U) On a recent tour of the Pratt and Whitney Canada Headquarters with Montreal POL/ECON officer and Embassy Ottawa ECON intern, the Vice President for Government Affairs, Richard Bertrand, described the VLJ market as "exploding". At the factory, the firm is devoting several of its assembly groups to the construction of CPW 600 engines, destined for new VLJs from Cessna (US), Eclipse (US), and Embraer (Brazil). In the short term there appears to be a large demand for VLJs. Reports in the industry journal Aviation Week note that Eclipse alone has already received more than 2400 orders for its VLJ, the Eclipse 500, and that the FAA projects deliveries of 4950 VLJs of all types between now and 2017. Some air taxi services are already offering VLJ service, suggesting an industry move away from slower propeller planes. The VLJs are expected to cost significantly less than previous jets. For example, the estimated cost of the Eclipse is \$1.48 million, which is cheaper than Light Jets, at a range of \$3 million to \$8 million, and other traditional business jets that can cost tens of millions of dollars. The lower price has been an incentive for air taxi services to start buying VLJs to replace their older, slower propeller driven planes. For the same reasons of lower cost and faster speed VLJs are also attracting affluent private pilots.

13. (U) According to the Air Transport Association of Canada (which represents scheduled carriers and sees the VLJ phenomenon as an emerging form of competition), VLJs are being marketed to elite business travelers, with the appeal of shorter lines at check-in counters and security checkpoints. Additionally, personal VLJs will provide direct service to airports that may not have any direct scheduled

airline service or have limited flight availability. VLJ travelers can avoid stops at legacy carrier hubs and instead fly straight to their destinations at times convenient for them. To the benefit of business travelers and current propeller aircraft operators, the VLJs are being certified to fly at 0.7 Mach, which is significantly faster than prop planes. Finally, the VLJs open up many smaller airports because the aircraft can safely and legally land on runways as short as 3,000 feet, thus enabling pilots to operate from much less crowded airports and/or at airports closer to their travelers' destinations.

¶4. (U) The increased use of VLJs could cause additional challenges for air traffic control, pilots, airport management, and customs services. This new type of jet will add more planes to the sky, making the sky over major metropolitan areas even busier. Because these light aircraft weigh less than 10,000 pounds, additional time will be needed before final approach due to the potential of wake turbulence. While VLJs are able to land at airports with shorter runways, they can only enter the U.S. from other countries legally at designated airports, possibly limiting VLJ routes and markets from abroad.

¶5. (U) Additional VLJ traffic could also strain the current system of customs and border protection along certain transborder routes. In the case of travel between the U.S. and Canada, this may lead to additional flights in and out of the 39 American international airports near the border with Canada. All of these airports carry the designation of "International Airport", and as Embassy Ottawa CBP Attach elaborated, whenever an aircraft arrives from abroad at a designated International Airport, customs inspectors must be available to process the passengers and inspect the aircraft. For the larger airports, like O'Hare, the impact of these

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new jets may be negligible. At smaller airports such as Ogdensburg, NY, however, the impact on CBP personnel may be more significant, particularly if the number of VLJs were to rise suddenly, potentially displacing CBP personnel away from their principal land crossing duty stations to the airports for longer periods of time, to inspect the additional aircraft and passengers.

¶6. (U) The Canadian Border Services Agency (CBSA) would face similar understaffing, though perhaps to a lesser degree overall. Canada has a limited number of airports with access to customs known as Airports of Entry (AOEs). Similar to some smaller American international airports, there are some small AOEs where Canadian CBSA staff drive from other facilities to conduct inspections. At these AOE locations, CBSA would encounter similar personnel and time constraints, as the U.S. CBP would have to confront. However, AOEs, unlike American international airports, are not required to be open to foreign traffic at all times. According to the Canadian Airports Council, only 22 of the 118 AOEs are open 24/7. Thus, associated CBSA costs and overtime would likely be more limited.

¶7. CBSA also has a program called CANPASS Private Aircraft, which expedites the inspection process for pre-approved, low-risk travelers. With this program, Canadian and American citizens can undergo a security check and receive a five-year CANPASS, which allows them to travel into Canada not only through AOEs, but also at a number of other small airports specifically designated by CBSA.

¶8. Comment: Aircraft manufacturers appear enthusiastic about producing VLJs because of the apparent comparative advantages over current commercial jet travel such as additional airport and destination access, fewer costly delays associated with overcrowded, hub-and-spoke large airports, and the VLJ's cheaper production price tag. It is too early to tell whether the industry's optimism and

consumer demand in VLJs will be sustained over the long term.

However, as the 2400 orders for the Eclipse 500, along with hundreds of orders for other companies' VLJs, are assembled and put into the air, their growing popularity is likely to impact international airports along the U.S.-Canada border, especially the CBP's ability to staff and conduct additional inspections adequately at the airports while still maintaining the same degree of CBP coverage and vigilance at land and water border crossings. End comment.

19. Embassy Ottawa Economics section intern Andrew Levin researched and drafted this message.

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